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BY EMAIL TO:

PanelSecretary@elexon.co.uk

Date: 6 April 2022

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Dear Michael,

**Electricity Settlement Reform Significant Code Review: Authority Led SCR
Modification Proposal**

We refer to our document¹ published on 5 April 2022 which sets out the proposed process for the industry code modification proposals now being raised by the Gas and Electricity Markets Authority (the Authority)², pursuant to its Electricity Settlement Reform Significant Code Review (SCR)³, that aim to enable the Balancing and Settlement Code Company (BSCCo) to engage in activities related to the development of an Event Driven Architecture (EDA) for Market-wide Half-Hourly Settlement (MHHS).⁴

Pursuant to and in accordance with Section F5.3A.1 of the Balancing and Settlement Code (BSC), and pursuant to the Electricity Settlement Reform SCR, the Authority hereby submits the enclosed Authority Led SCR Modification Proposal⁵ for an Authority Led SCR Modification⁶ to the BSC Panel.

In line with the Authority's SCR guidance⁷, we have developed this Authority Led SCR Modification Proposal following consultation with stakeholders about the reference

¹ [Update on raising an Authority Led SCR Modification in relation to an EDA for MHHS](#), April 2022.

² The terms "the Authority", "we" and "us" are used interchangeably in this document.

³ The [Electricity Settlement Reform SCR Launch Statement \(July 2017\)](#) is on the Ofgem website.

⁴ For further information about the MHHS EDA and its governance see [Decision on the reference architecture of the MHHS Target Operating Model](#), December 2021 and [Consultation on the governance, funding and operation of an MHHS Event Driven Architecture](#), January 2022.

⁵ As defined by the BSC.

⁶ As defined by the BSC.

⁷ The [SCR Guidance document](#) is available on our website.

architecture for the MHHS Target Operating Model and the governance arrangements relating to it. The purpose of the Modification Proposal is to enable BSCCo, in its capacity as MHHS Implementation Manager, to develop the systems and processes that may be necessary to implement the EDA (also referred to as the Data Integration Platform or DIP).

We have discussed the legal drafting for this Authority Led Code Modification Proposal with Elexon. We have discussed how to coordinate the BSC Panel's procedures to allow consideration of the proposal and updated the BSC Panel meeting on 10 February.

Next steps

Paragraph F5.3A.2 of the BSC states that, "in response to an Authority Led SCR Modification Proposal, the Panel shall prepare an Authority Led SCR Modification Report".⁸ Under the terms of that paragraph, the 'Report' shall include, inter alia, "(d) a timetable for implementation of the Authority Led SCR Modification, including the date with effect from which such modification could take effect". Under the terms of paragraph F5.3A.6 of the Code, the timetable for completion of the procedural steps for an Authority Led SCR Modification Proposal shall be set by the Authority at its sole discretion.

Accordingly, the Authority hereby sets the following timetable for completion by the BSC Panel of the procedural steps for this Authority Led SCR Modification Proposal:

| Activity | Date |
|---|-------------------------------|
| Authority submits Authority-led modification proposal | 5 April |
| First panel meeting | 14 April |
| Consultation period | 19 April – 3 May |
| Second panel meeting | 12 May |
| Final Modification Report submitted to Authority | 16 May |
| Authority decision (target) | 7 June |
| Implementation date | 5 working days after decision |

Paragraph F5.3A.5 of the BSC states that the timetable referred to in paragraph F5.3A.2(d) for implementation of any modification shall be set by the Authority. We will aim to make a decision on this Authority Led SCR Modification Proposal as soon as possible. If the Authority approves it, then we will be seeking early implementation to ensure that MHHS Implementation Manager can move forward rapidly and develop the systems and processes needed to implement the EDA/DIP.

⁸ As defined by the BSC.

UK Guideline on Electricity Balancing (UK EBGL)⁹

In accordance with paragraphs F5.3A and F2.1.2 of the BSC, in raising this Authority Led SCR Modification Proposal, we have made an assessment as to whether the proposed changes seek to amend the EBGL Article 18 terms and conditions. We consider that they do not. With reference to our recent discussions with Elexon in relation to the UK EBGL, we also note that Elexon have advised that none of the terms of this Authority-led SCR Modification Proposal seek to amend the UK EBGL Article 18 terms and conditions.

Decision stage

We expect to take a decision in relation to this Authority Led SCR Modification Proposal by 7 June 2022, although we will endeavour to issue a decision as soon as possible following receipt of the Final Modification Report from the BSC.

The Electricity Settlement Reform SCR is an Authority Led end-to-end SCR and the MHHS programme will likely require other code modifications in the coming years. Our decision on this Authority Led Modification Proposal, should we decide to approve it, will facilitate the development of the EDA/DIP.

As the transition to full MHHS implementation progresses, we intend to make further modifications under this SCR and/or pursuant to our powers under the Smart Meters Act 2018. This SCR will remain open until we have made our final decision in relation to the final modification, and we will confirm when we consider that to have happened. Finally, we would like to thank Elexon for their support in taking forward this Authority Led SCR Modification Proposal along the timelines required by the MHHS programme.

Yours sincerely,



Rachel Clark
Deputy Director Retail

Duly authorised on behalf of the
Gas and Electricity Markets Authority

6 April 2022

⁹ Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing as retained in domestic law following the UK's withdrawal from the European Union (UK EBGL)